

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

October 1, 2001
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Mosher, Deputy Mayor Marshall, Councilmembers Creighton, Davidson, Degginger, Lee, and Noble

ABSENT: None.

1. Executive Session

Deputy Mayor Marshall opened the meeting at 6:02 p.m. and announced recess to executive session for approximately 20 minutes to discuss one item of pending litigation. The study session resumed at 6:28 p.m. with Mayor Mosher presiding.

Mr. Mosher said the display of the American flag and patriotic banners was discussed at the Mayor's Meeting earlier in the day. At his request, there was Council concurrence to add the topic as agenda item 2(c).

2. Study Session

(a) Budget and Economic Update

City Manager Steve Sarkozy said the purpose of this agenda item is to provide an overview of the current budget monitoring status and economic conditions, particularly in light of the terrorist attacks on September 11.

Interim Assistant Finance Director Mike Sigsbee provided the budget monitoring status report. He noted that most of the information to be presented refers to the August Budget Monitoring Flash Report. Property tax revenues continue to perform in line with the budget. Sales tax revenues are approximately 7 percent below budget, and business and occupation (B&O) tax revenues are 2 percent below budget. Utility taxes performed 11 percent above budgeted amounts, in part due to increased cellular phone use and gas and electric rate increases. Current real estate excise tax collections are down approximately 20 percent, which is comparable to 1997 collection levels. Decreased building and land use permit fee collections are offset somewhat by reduced expenditures in the Development Services division of the Department of Planning and Community Development.

Mr. Sigsbee said Meydenbauer Center is experiencing a decrease in 2001 revenues due to the cancellation of several events and a short-term decline in hotel/motel tax revenues. Meydenbauer Center is responding by managing expenditures to help offset revenue losses.

Mr. Sigsbee said the City's overall resource performance is near budgeted levels due to the diversity of revenue resources. Operating expenditures are performing close to budget and Capital Investment Program (CIP) expenditures are tracking below budget due to some project delays.

Interim Finance Director Gary Ameling discussed the economy in general which earlier this year experienced a slowdown in dot-com businesses, declines in the stock market, and a decrease in consumer confidence. Commercial office space vacancy rates have increased, in part because dot-com businesses did not perform as anticipated. Mr. Ameling said Bellevue's central business district had an unprecedented vacancy rate of 1.6 percent for Class A office space one year ago. According to a report released the end of September, the vacancy rate is now 20.7 percent.

Mr. Ameling said that although the economy was showing signs of improvement prior to September 11, the current outlook has become much more complex. The economy is experiencing a decline in consumer confidence as well as extensive layoffs by airlines and other companies. Layoffs locally at Boeing are expected to impact an additional 2.7 jobs within the Puget Sound region for every Boeing job lost. Mr. Ameling said local economists have adjusted employment growth projections for next year based on recent events and a shallow recession is predicted. This will be the first recession in this region since the early 1980s, although much of the country experienced a recession in the 1990s.

Mr. Ameling said the Puget Sound economy is no longer as dependent on Boeing as it was in the past. Boeing represented approximately 13 percent of all jobs in this area in 1960, which dropped to 8 percent in 1980 and now stands at 3 percent. Mr. Ameling said the City of Bellevue is in good shape and no layoffs or expenditure reductions are anticipated at this time. The third quarter budget monitoring report will be completed later in October and provides the basis for the revenue projections and financial forecast that will be presented to Council on November 13 to kick off the Mid-Biennium Budget Update process.

In response to Mr. Creighton, Mr. Ameling said Meydenbauer Center will release a report on hotel occupancy rates soon. In further response, Mr. Ameling said sales tax collections discussed today represent sales activity through July. The impact of September 11 on current sales tax collections will be reflected in the upcoming November report.

In response to Mr. Degginger, Mr. Ameling said hotel/motel tax revenues are sufficient to meet Meydenbauer Center's outstanding debt service needs. Mr. Sarkozy said the Center's financial plan contains substantial reserves. In addition, there will be a decrease in the debt service payment beginning in 2006. Mr. Sarkozy noted that a status report is expected from Meydenbauer Center within the next few days.

(b) 2001 Amendments to the Comprehensive Plan

Mr. Sarkozy opened the discussion regarding proposed 2001 Comprehensive Plan Amendments and noted that periodic review of plans is required by the state Growth Management Act of 1990.

Councilmember Degginger noted that his law partner is representing one of the parties involved in the 113th Place SE Comprehensive Plan Amendment (CPA). He recused himself from discussing and voting on that particular CPA but said he would like to stay for the discussion of all the amendments.

Planning Director Dan Stroh reviewed that four CPAs were proposed this year. Two were publicly initiated and two were privately initiated. The publicly initiated CPA regarding Shoreline Element annexation designations was previously adopted by Council with Ordinance No. 5293. Of the remaining three CPAs, the Planning Commission recommends approval of the publicly initiated West Lake Sammamish CPA and denial of the two private CPA applications.

West Lake Sammamish CPA

Patsy Bonincontri, Planning Commission Vice Chair, presented the Commission's recommendations regarding the proposed CPAs. The Planning Commission recommends approval of the West Lake Sammamish CPA, which will: 1) amend the Newcastle Subarea Plan and relocate the potential annexation area (PAA) boundary, 2) designate a Subarea Planning District boundary for the Sambica properties, and 3) create new policies to guide planning efforts for the historic Sambica properties.

113th Place SE – West Ravine CPA

Ms. Bonincontri said the Planning Commission recommends denial of the 113th Place SE-West Ravine CPA, which proposes to amend the Newport Hills Subarea Plan Map from Single Family-Urban Residential (SF-UR) to Office (O) on a 4.3-acre site in the West Ravine, for the following reasons:

- The applicant has not carried the burden of proof sufficient to approve the amendment under Comprehensive Plan Decision Criteria (Land Use Code 20.30I.150).
- The proposed CPA is inconsistent with Countywide Planning Policies and the Land Use Element policies of the Comprehensive Plan. Specifically, LU-30 encourages continued development of office uses in designated districts and LU-31 discourages the creation of additional potential for office development beyond areas currently designated in the Land Use Plan Map.
- Written and oral testimony presented in favor of the proposal do not reflect changed circumstances since the Subarea Plan was adopted only six years ago. The work of the Newport Hills Citizen Advisory Committee (CAC) to create the Subarea Plan should be given a great deal of weight in this regard.
- The proposal does not provide a public benefit and would violate the spirit of neighborhood planning represented by the Newport Hills CAC's creation of the Subarea Plan.

Cedar Terrace CPA

Continuing, Ms. Bonincontri said the Planning Commission recommends denial of the Cedar Terrace Apartments CPA, which proposes to change the North Bellevue Subarea Plan Map designation of 15.25 acres of Multifamily-Medium (MF-M) and one acre of Light Industrial (LI) to 16.25 acres of Multifamily-High (MF-H). She said the applicant is now requesting a modification to this proposal, in which the acre designated as Light Industrial would be changed to Multifamily-Medium, and a remand of the matter back to the Planning Commission. Ms. Bonincontri said it is likely the applicant will then apply for a rezone of the 16.25 acres to R-20 (20 units per acre). She said the Planning Commission is prepared to review the modified proposal and conduct a public hearing if desired by Council.

Ms. Bonincontri said the recommendation to deny the Cedar Terrace CPA is based on the following:

- The proposal is inconsistent with Countywide Planning Policies and the Bellevue Comprehensive Plan, particularly Environmental Policy EN-19 which states, “Regulate land use and development in a manner which protects natural topographic, geologic, vegetational, and hydrological features.”
- The area is constrained by steep slopes. Concentrating high-density development on environmentally constrained sites sets up conflicting development and land use policy expectations and is contrary to the local jurisdiction’s ability to protect critical areas through regulation.
- The proposed amendment does not address changing circumstances or the needs of the city as a whole.

Discussion

In response to Mayor Mosher, Mr. Stroh asked Council to discuss all three CPAs and provide direction to staff. He noted that staff recommends remand of the Cedar Terrace CPA to the Planning Commission. If Council approves a remand, action on all three CPAs will be deferred until later in the year.

In response to Mr. Lee, Mr. Stroh presented the following options regarding the Cedar Terrace Apartments CPA:

1. Follow the Planning Commission’s original recommendation to deny the application, in which case reconsideration would not be allowed for three years.
2. Choose to approve the proposed CPA now.
3. Remand the CPA, as recently modified, to the Planning Commission for additional review.

Mr. Stroh and Ms. Bonincontri confirmed that staff and the Planning Commission can accommodate the remand under their current work programs.

In response to Mr. Degginger, Senior Planner Kathleen Burgess said the majority of the acre designated Light Industrial is heavily constrained by steep slopes. Associate Planner Nicholas Matz provided further description of the site's terrain.

Dr. Davidson said he was somewhat puzzled by the environmental concerns given the fact that the site is already developed. He questioned whether the property owners are planning to restructure the existing development into four stories. Mr. Stroh said there are currently 180 units at Cedar Terrace Apartments on the site, which is compatible with the MF-M designation. A designation of MF-H allows a rezone up to R-30 (30 units per acre), which would more than double the density of the site. This could result in redevelopment of the site with underground parking and three- and four-story buildings. Mr. Stroh said redevelopment on this scale would be difficult, particularly given the steep slopes.

- ➡ Mr. Degginger moved to remand the Cedar Terrace CPA to the Planning Commission for further consideration and public hearing, and Mr. Lee seconded the motion.
- ➡ The motion to remand the Cedar Terrace CPA to the Planning Commission for further consideration and public hearing carried by a vote of 7-0.

Referring to the 113th Place SE-West Ravine CPA, Dr. Davidson noted that a wall, park and ride lot, and I-405 border the site. He feels this is not a desirable location for Single Family-Urban Residential development.

Deputy Mayor Marshall expressed an interest in the specific development proposal for the 113th Place SE site. She agrees with the Planning Commission's analysis and feels the proposed office building is inconsistent with the City's efforts to concentrate office development in certain areas of the community such as downtown and along I-90.

In response to Mr. Lee, Mr. Stroh said the Newport Hills annexation occurred in 1993 and the Subarea Plan was developed a couple of years later. Mr. Stroh said although the site seems more suited to residential development, noise impacts associated with the freeway would require mitigation. The CAC that participated in the creation of the Subarea Plan originally recommended a single family-medium (SF-M) designation for the site, and Council subsequently changed this to SF-UR in order to allow increased density.

Mayor Mosher was on the Planning Commission at the time the map designation was established. He recalled that the SF-UR designation was selected because it allows for the clustering of development with less impact on the steep slopes.

Dr. Davidson feels that office development on the site makes more sense than residential units. He noted that offices are used only five days a week and the proposal provides some advantage in stabilizing the slope. He is concerned about the City's policy that CPAs cannot be resubmitted for three years if denied. He said it is important to actually visit the site in order to understand the configuration and constraints.

Mrs. Marshall, a member of the I-405 Executive Committee, noted the freeway will likely be widened in the future and noise walls are to be installed.

(c) Patriotic Initiative

Mayor Mosher described the City's interest in reflecting patriotism throughout the community. City Manager Steve Sarkozy presented the following ideas developed by Transportation staff as possible ways to display patriotic themes:

- Proposal A – Upgrade existing metal banners along NE 4th Street from Bellevue Way to 112th Avenue NE to display a red, white, and blue theme.
- Proposal B – Hang banners on street light poles along Bellevue Way from NE 17th Street to I-90.
- Proposal C – At selected intersections, install on the pavement a colored patriotic symbol. This may include revising the street name signs for these intersections to add the patriotic symbol.
- Proposal D – Install flags and lighting at several medians as gateway treatments. Proposed locations are 148th Avenue NE and SE (at I-90 and SR 520) and Bellevue Way south of SR 520.
- Proposal E – Install new “Welcome to Bellevue” signs to include a supplemental sign with a patriotic symbol that could be removed at a later date if appropriate. Current signs are small, faded, and in many locations, missing.

Additional ideas include renaming NE 1st Street/NE 2nd Street as “Memorial Drive,” installing red, white and blue lights on street poles in the downtown, installing red, white and blue floodlights at gateways, installing flags on street light poles, wrapping street light poles with colored fabric/banners, and utilizing an overhead sign/message board on 108th Avenue NE.

Mr. Lee expressed support for the patriotic initiative. In response to Dr. Davidson, Mr. Sarkozy said flagpole treatments on medians could be designed to provide protection to motorists and discourage pedestrian access.

Mr. Creighton is in favor of installing flagpoles at all City parks and encouraging the community to display their American flags. Mr. Noble agreed with Mr. Creighton that given the competing demands for limited City funds, it is more appropriate to focus spending on higher priorities. Mr. Noble expressed concern about the initial cost as well as ongoing maintenance costs associated with the patriotic banners.

Mr. Degginger noted that the ongoing Downtown Implementation Plan Update process is reviewing the issue of urban design treatments. He feels the implementation of gateway treatments should involve neighborhood input. He is in favor of placing flagpoles in City parks but shares Mr. Creighton's and Mr. Noble's reluctance to proceed with the proposed expenditure at this time.

Mrs. Marshall is in favor of considering a red, white, and blue theme when the metal banners downtown need to be replaced. Similarly, she is in favor of adding a patriotic symbol to street

signs as they need to be replaced. She also suggested forwarding the list of ideas to those working on the City gateway project currently underway. She supports the placement of American flags in major City parks. Mrs. Marshall suggested placing an American flag, as well as flags representing Bellevue's sister cities, in Crossroads International Park.

Mr. Noble observed that local service clubs might be interested in opportunities to sponsor flags throughout the community. Noting staff's enthusiasm for the project, Mayor Mosher expressed support for the display of patriotic banners. The majority of Councilmembers agreed to discuss the topic further in an upcoming study session.

3. Council Business [From Regular Session, Agenda Item 6]

Mr. Noble testified for a public hearing regarding I-405 project alternatives. He spoke to the King County Council to express support for an ordinance that will create an interlocal agreement with Sound Transit to operate the Bellevue Transit Center. The King County Council unanimously approved the ordinance.

Mr. Lee attended the public safety memorial service at Downtown Park on Saturday. He attended a meeting of the West Lake Hills Citizen Advisory Committee, which has been convened to focus on neighborhood character issues.

Dr. Davidson attended a Chamber of Commerce dinner, the Water Resource Inventory Area 8 (WRIA 8) planning forum, and the memorial service at Downtown Park.

Mr. Degginger attended a meeting of the Seattle City Council Water Resources, Solid Waste and Public Health Committee and participated in a presentation regarding the development of a water supply at Lake Tapps.

Mr. Creighton attended the Downtown Park memorial service, the Chamber of Commerce dinner, the opening of Ivanhoe Performing Arts Theatre, and a Growth Management Planning Council meeting.

Deputy Mayor Marshall shared a news article about Bellevue Police Lt. Steve Cercone who was among 6,500 passengers on planes diverted to Newfoundland on September 11. She suggested sending a thank-you letter and gift to Claude Elliot, the mayor of Gander, Newfoundland, and Councilmembers concurred.

Mayor Mosher described his recent trip to China, at his expense, to meet with business representatives. In addition to some of the functions already mentioned by the Council, he attended a pipeline safety meeting in Bellingham.

At 7:58 p.m., Mayor Mosher announced recess to the regular session.

Myrna L. Basich
City Clerk